

Draft minutes T&T meeting June 14, 2017**9-13.30h UK****Venue: RIBA, 66 Portland Place, London****Room Sterling**

1. Approval agenda
2. Approval minutes T&T March 16, 2017 (Appendix 1)
3. Announcements secretariat
 - T&T SC review membership
 - Update P&C review
 - RSPO RED
 - RSPO NEXT
4. Updates on PalmTrace by UTZ
 - Book and Claim business rules
5. CSPO, CSPKO and RSPO Credits uptake
6. PalmTrace license approval process
7. PKO strategy: discussion on draft ToR for TF (Appendix 2)
8. AOB
9. Next call: propose September 21. Live meeting on November 26 (before RT15, Bali)

Present

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|-------------------------------|---|
| 1. Alasdair McGregor | Exova BM Trada (AM) |
| 2. Aleyda Carrillo Bustamante | UTZ (observer AC) |
| 3. Ashwin Selvaraj | RSPO secretariat (AS) |
| 4. Christian Gradert | Musim Mas (CG) |
| 5. Daphne Hameeteman | Wilmar Europe Holdings (DH) |
| 6. Ed McPhillimy | Oriflame (EP) |
| 7. Eddy Esselink | MVO (chair-EE) |
| 8. Elise Muijzert | Solidaridad (EM) |
| 9. Helen Scholey | Shell Oil Company (HY) |
| 10. Inke van der Sluijs | RSPO secretariat (minutes-IS) |
| 11. Jan van Driel | RSPO secretariat (JD) |
| 12. Jenny Walther-Thoss | WWF Germany (JT-on Skype) |
| 13. Joshua Lim | Wilmar (JL) |
| 14. Judith Murdoch | AAK (JM) |
| 15. Mark Wong | Sime Darby (MW) |
| 16. Paula den Hartog | UTZ (PH) |
| 17. Premalatha Mogan | RSPO secretariat (PM) |
| 18. Qua Kiat Seng | Asean Oleochemical Manufacturers group (QS) |
| 19. Ronald van Marissing | UTZ (RM) |
| 20. Sietse Buisman | Cargill (SB) |
| 21. Tobias Zobel | BASF (TZ) |

1. Approval agenda

EE opens the meeting and the agenda is approved.

2. Minutes

Minutes of the last meeting will be changed to: "Members of the T&T express their concern after visiting the Price Outlook in KL. Support for RSPO seems to be lacking as some manufacturers seem to move away from SG and credits." as agreed during the meeting.

3. Announcements RSPO Secretariat

See slides (RSPO Slides T&T meeting.pdf)

- T&T SC review membership

The RSPO secretariat has reviewed the membership of the T&T. In principle everybody is welcome but not all constituencies are represented equally. We can have all interested members on the email list but need to review the official representation on the website. Additionally, we need to seek new members from CGM and retail.

Action Point: review the list on the website, contact members and update list (RSPO secretariat). Bring forward suggestions from CGM and retail sector (all).

- Update P&C review

Task Force (TF) and Steering group are formed. Proforest and Daemeter are contracted for facilitation. The first TF meeting has taken place.

Topics were:

- a) Smallholder inclusiveness
- b) Step-wise approach to certification to overcome entry-level barriers is explored
- c) Metricated standard (quantitative measures on P&C indicators)
- d) Need for commensurate effort in the palm oil supply chain
- e) Meet market expectations on no deforestation, no planting on peat, and labour and human rights

Next steps: report on step-wise approach, consolidate input from WG/TF members (experts) into current P&C, consultation with SH / group managers, report on other metric standards and link with Theory of Change and Monitoring & Evaluation. The second meeting of the TF will be in July (17-20). Then the online public consultation starts with face to face consultation in the different regions (60 days). Translations will be necessary.

The T&T is asked about their opinion on a discussion on adding criteria to the supply chain (will be discussed under AOB).

JT is on the Task Force. There are 5 working groups formed under the Task Force to prepare the 1st draft by July. The T&T members can send their comments to the members of the Task Force directly or wait for the public consultation.

- RSPO RED update

We had RED TF meetings (calls) and submitted the new module in February. We aim to have a RED module that is compliant with the RED criteria and does not go beyond these criteria. Last week we received a 105 pages long response from EC where they make 3 categories of requests:

- a) Relatively straight forward requests for wording changes etc
- b) Requests to change some internal RSPO functions/systems/policies - we anticipated this in the initial filing as some documents/systems were under review and others were in need of updating
- c) Requests from Ecofys/DG Energy that appear to be "not on a level playing field" - essentially these are things that other already approved standards are required to have as well - the experience in the first filing was that they were stricter with us (and other schemes) than some of their big players - likely because they were getting more familiar with the issues - but we will assess and determine if we shall push back on Ecofys on these points.

One challenge will be the development of an RSPO GHG calculation method which we try to avoid by accepting other accepted methodologies.

Next steps: schedule call with RED TF to discuss and make corrections and submit.

AM: will palm oil be accepted by EU in fuels?

IS: In the long term it is expected to be phased out as the EU moves to removal of first generation feedstocks. This is not feasible in the current proposed timelines.

- RSPO NEXT

The first company is RSPO NEXT certified and offers RSPO NEXT credits on the marketplace, PalmTrace. There are no trades yet.

The mill list in PalmTrace indicates the P&C certification status of the mills as well as the RSPO NEXT status. DH: including the RSPO NEXT status was not agreed in the T&T. Sharing information on the NEXT status in PalmTrace is misleading as it does not imply that the products being delivered are NEXT Certified. It indicates that a supplier has purchased from a RSPO NEXT certified mill in the defined period. Since there is no physical supply chain models for RSPO NEXT, it will confuse the members/market.

SB: we do not want to have an additional supply chain for NEXT as SG/IP is already complicated enough to maintain. Having this status visible will make customers ask for NEXT physical which is practically not possible.

PH: all mills are part of the list of conventional mills that is declared in PalmTrace, including the P&C certified and NEXT certified mills.

IS: the information on RSPO NEXT certified mills will be available on the RSPO website. By having the status of RSPO NEXT in the mill list will not result in confusion in the market.

T&T members agree to exclude this information from the mill list as there is enough confusion on the different supply chain models and traceability in the market.

T&T Decision: to remove the column from the mills lists in PalmTrace which identifies RSPO NEXT certified mills.

Action Point: UTZ will look into the complexity of removing this column and it will not be removed immediately as it requires some programming.

DH: What is the difference between RED and NEXT? RED status is not indicated in the mill list as RED is a separate product in PalmTrace.

PH: Should we also remove P&C certification status of mills on the mill list?

No decision was taken on removing the certification status of mills.

4. Updates on PalmTrace by UTZ

See slides (T&T update 140617 London RSPO PalmTrace.pdf)

JL: Please remove the option to downgrade to SG for mills as these are certified for MB or IP.

AS: This was removed a few months ago but was enabled again based on the outcomes of the CB Workshop in SE Asia. Some IP certified mills bulk the volumes physically and sell as SG. So, the option was added back in PalmTrace and will stay.

Action point: Communicate to CBs and auditors about this option. To be included in the CB Newsletter. (Done: included in the CB Newsletter in June 2017.)

DH: shares concerns about the low uptake concerns in Europe. What comes into Europe is SG which is only half of the total production. This concern is shared by other members of the T&T.

DH: What does the registration of Independent growers and smallholder mean in PalmTrace? What does an Independent plantation owner mean?

JvD: Outgrowers can get certified independently. Independent growers are certified independently without a mill.

DH: Why are huge volumes traced in PalmTrace in February? Was it a mistake?

Action point – Investigate the trace transactions in February and contact members to make sure it is not a mistake.

The T&T discussed the drop in volumes of On market trades of CSPO credits

JL: this is not only due to the fact that GreenPalm was still trading, also the registration process was tedious. It is difficult for subsidiaries to arrange bank statements.

JL: Claimed credits are not in the website. Difficult to navigate website.

EP – Cannot get into PalmTrace as it is too slow and creates barriers in buying credits.

Action point – UTZ will investigate the slowness of the platform

JM – Feedback from clients about not having enough information on the website.

TZ: Off market deals – average price of Off Market Deals would be nice to have for comparison on On market and Off Market Deals.

AS – We are starting to redesign the PalmTrace part of the RSPO website in July and the information requested will be made available on the website (www.rspo.org/palmtrace). Proposed timeline 3 months.

RM gave a Book and Claim demo

Discussion on Invoices

DH: Is there a physical action for UTZ in sending the invoices and receiving payments? PH – Invoices are sent automatically every day by the system and no manual intervention is required.

DH – It's not clear how the clearing house works and what the relationship between UTZ and RSPO is related to invoicing.

Action point – Include clarifications on the payment process on website. Will be picked up in the website redesign (RSPO secretariat).

EP – Cannot find information on buyers and sellers. Information on registered crushers is not available as PKO credits have to be bought from crushers.

AS – It will be included in website redesign.

DH: List of crushers can also be accessed from the Member Directory in PalmTrace.

Delayed payment/Cancellation of transactions

SB – the Terms & Conditions needs to be reviewed. Only upon the approval of sellers, transactions can be cancelled.

PH – Transactions are never cancelled automatically. Matches can be with multiple sellers. It is complicated to automatically cancel transactions.

TZ/EP – If its multiple matches, each one is a deal and we can cancel the transactions.

Action point – Proposal for Terms and conditions on payment and review (UTZ).

JL: There have been delays in payments in the GreenPalm platform but there has never been a default.

TZ/SB – For overdue invoices, block the members from purchasing more credits but don't let them off the hook.

IS – For now, we need to hold their hands to pay as sales of credits are low. Parties who don't pay for 2 months needs to be chased and no need to block yet.

We have started an integration project between Salesforce, which is the central member database for the secretariat, and PalmTrace.

Action point: present project plan/timelines by next T&T call (RSPO secretariat and UTZ).

5. CSPO, CSPKO and RSPO Credits uptake

The uptake figures were presented to the T&T. The BoG has requested the T&T to come with a solution for accurately measuring uptake further in the supply chain. See slides for figures. The different data sources were discussed.

Movement from B&C to MB/SG is a misleading statement as the members buying MB/SG may not be the same ones as members not buying credits.

Action Point: uptake figures to be shared with the C&C.

6. PalmTrace license approval process

See slides

AM explains the current approval process of licenses in PalmTrace.

JD: acknowledges there were delays in the approval process especially around RSPO events. We have now cleared the backlog and assigned extra resources. Once the PalmTrace/Salesforce link is in place, processes will be automated so that approvals will be done quicker. Approximately 20% of the licenses submitted by CBs are denied in SCC. Therefore, we have to keep the approval step by the RSPO secretariat.

DH/CG – Can we link PalmTrace to website directly? Or ask members to use PalmTrace for certificate/licensing. This cannot be done as Salesforce is the central database.

DH – Can we add program level in the PalmTrace Member directory as that would remove the need to upload certificate and supplier checks?

EM – Companies that are not a member of RSPO and the companies that are not certified have no access to PalmTrace. So the information should be on the website.

EE – RSPO Secretariat and CB's should discuss potential solutions. The objective is to get out of the risk zone.

Action Point: Solutions to be discussed and proposed in the next T&T. Call for members of T&T to submit suggestions to RSPO Secretariat. If additional resources are needed in the RSPO Secretariat to simplify the review and upload process, T&T approves increasing the capacity in the Secretariat.

7. CSPKO strategy: discussion on draft ToR for TF (Appendix 2)

Proposals to have something concrete (resolution) in November.

TZ: Data analysis – demand forecast etc. before September call.

QS: It is difficult to get demand on RSPO.

JM – Add food manufacturers to the Task Force.

QS - P&G becomes a CGM

EE: TZ will lead the Task Force and T&T agrees.

Action Point: Analysis of data to be completed before the T&T call in September and a proper discussion will be planned for the call.

Action Point: Comments on the ToR should be sent to the Secretariat within the week after this T&T meeting.

8. AOB

JD: asks the T&T to think about including additional modules on environment and social issues in the SC Standard as this is raised by the P&C review Task Force for next meeting.

Food Service Companies

JM explains that we need to develop a workable solution for certification of food service companies, particularly larger chains and franchises. Multisite certification is not an option for such companies.

JM and JD visited one food service company that does central buying and has 14 franchise outlets that produce and sell donuts. If central buying requirements are taken up by all production units – look through internal audits – do not have to visit all the sites.

SB – Supplier is already audited. Need to check the buying station. Need to take into account the risk and reduce administration.

JL – Franchise, MB can be done centrally but not SG.

Proposal – Certification option for food service companies to be posted in RIF. To be discussed in next T&T call.

Action Point: Secretariat to draft a proposal and circulate to T&T before the call in September. Once approved, will be posted on RIF and communicated to CBs/ASI

9. Next meetings

Next call: September 12 = CANCELLED. Live meeting on November 27 (before RT15, Bali)